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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

APPLE, INC., )  
)  
Plaintiff, )  
) C.A. No. 22-1377 (MN)  
v. )  
)  
MASIMO CORPORATION, et al., )  
)  
Defendants. )

Wednesday, December 21, 2022  
2:00 p.m.  
Teleconference

844 King Street  
Wilmington, Delaware

BEFORE: THE HONORABLE MARYELLEN NOREIKA  
United States District Court Judge

APPEARANCES:

POTTER ANDERSON & CORROON, LLP  
BY: DAVID ELLIS MOORE, ESQ.

-and-

DESMARAIS LLP  
BY: JOHN M. DESMARAIS, ESQ.  
BY: PETER C. MAGIC, ESQ.

Counsel for the Plaintiff

1 APPEARANCES CONTINUED:

2 PHILLIPS McLAUGHLIN & HALL, P.A.

3 BY: JOHN C. PHILLIPS, JR., ESQ.

4 -and-

5 KNOBBE MARTENS

6 BY: BRIAN HORNE, ESQ.

BY: STEVE JENSEN, ESQ.

7 Counsel for the Defendants

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THE COURT: Good afternoon, counsel. Who is

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there, please?

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MR. MOORE: Good afternoon, Your Honor. On

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behalf of the plaintiff, Dave Moore from Potter Anderson.

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And I am joined by my co-counsel from Desmarais LLP, John

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Desmarais and Peter Magic.

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THE COURT: Good afternoon.

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MR. PHILLIPS: Good afternoon, Your Honor. This

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is Jack Phillips on behalf of the defendant. With me on the

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phone are Brian Horne and Steve Jensen of the Knobbe firm.

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THE COURT: All right. Good afternoon to you as

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well.

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Anyone else on the line?

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MR. MAGIC: Yes, Your Honor. Peter Magic from

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the Desmarais firm. I want to let you know we have three

14:00:39 1 client representatives from Apple on the line as well. We  
14:00:43 2 have Colette Mayer, Ryan Moran and Natalie Post.

14:00:47 3 THE COURT: All right. Good afternoon to all of  
14:00:49 4 you.

14:00:50 5 Let me just start by saying we have reviewed the  
14:00:52 6 papers. There was some back and forth in the papers  
14:00:55 7 regarding whether or not you all had met and conferred. So  
14:01:00 8 I want to start by confirming that you have met and  
14:01:03 9 conferred. Plaintiff noted that there was a possible  
14:01:06 10 agreement in the works with regard to interrogatories or  
14:01:08 11 something of that sort. Where are we currently on this  
14:01:12 12 request for discovery?

14:01:13 13 MR. MAGIC: Yes, Your Honor, this is Peter  
14:01:17 14 Magic. That's correct, we had tried to work out an  
14:01:20 15 agreement about having the defendants answer at least the  
14:01:24 16 interrogatory part of what we requested, what Apple has  
14:01:30 17 requested. We appear to be reaching an agreement there, but  
14:01:35 18 I am not sure that it actually went all the way. I last  
14:01:39 19 inquired a few days ago as to whether we would be getting  
14:01:42 20 responses before the hearing and I guess I don't have any  
14:01:47 21 commitment on that part. So I'll let defendants' counsel  
14:01:52 22 speak to that.

14:01:53 23 But I am not sure that we have a firm commitment  
14:01:57 24 from them to respond on the interrogatories. But we  
14:02:00 25 certainly got close. And perhaps defense counsel will tell

14:02:03 1 me that they are committed to doing so now. But I just  
14:02:07 2 don't have that to report to Your Honor at the moment.

14:02:10 3 THE COURT: All right. Let me hear from the  
14:02:13 4 defense counsel. Where are we on that?

14:02:15 5 MR. HORNE: Good afternoon, Your Honor. Brian  
14:02:17 6 Horne from Knobbe for Masimo.

14:02:20 7 The parties negotiated first the scope of the  
14:02:23 8 interrogatories. I think we have reached agreement on the  
14:02:26 9 scope. The problem was our proposal was that we would  
14:02:30 10 respond to the interrogatories if it would resolve the  
14:02:31 11 motion and Apple wouldn't commit to that and wanted to  
14:02:34 12 proceed even if they got interrogatory responses, they  
14:02:36 13 wanted to proceed to request documents and a deposition. So  
14:02:41 14 we will respond to the interrogatories at the appropriate  
14:02:44 15 time if we can't resolve this motion.

14:02:49 16 THE COURT: Okay. A couple of other questions I  
14:02:51 17 had. For the plaintiff, you argue that there is an urgent  
14:03:01 18 need to file your preliminary injunction motion. This case  
14:03:04 19 has been pending for over two months and I don't see a  
14:03:07 20 motion yet. Are you planning on filing one?

14:03:12 21 MR. MAGIC: Your Honor, yes. Based on  
14:03:15 22 everything we know at the time of the expedited discovery  
14:03:20 23 motion, there is enough there for us to move if we don't get  
14:03:24 24 the discovery. So we know that Masimo's CEO has made  
14:03:30 25 certain representations about what his intent is with the

14:03:33 1 product that it released and its intent is to capture as  
14:03:37 2 much market share as it can. And it acquired a company for  
14:03:40 3 a billion dollars to try to make good on that. So while we  
14:03:43 4 would certainly prefer to have the discovery first, the  
14:03:51 5 idea, the hope was that we would have discovery first, but  
14:03:55 6 we do have sufficient basis to go forward if we, you know,  
14:04:00 7 can't get that --

14:04:02 8 THE COURT: Let's say I don't give you the  
14:04:03 9 discovery. When are you planning to file?

14:04:07 10 MR. MAGIC: I think that the best I could tell  
14:04:10 11 you there is we could proceed in January to file.

14:04:15 12 THE COURT: Okay. Well, you're the one that's  
14:04:18 13 going to have to convince me that you're being irreparably  
14:04:23 14 harmed and every bit of delay seems like it's working  
14:04:26 15 against you. Does the information you're seeking really  
14:04:30 16 strengthen the motion to such an extent that you need this  
14:04:34 17 discovery?

14:04:35 18 MR. MAGIC: Well, it certainly could, Your  
14:04:37 19 Honor, that's why we are seeking it. We won't know until we  
14:04:41 20 get it is the basic answer to that question.

14:04:44 21 THE COURT: All right. Well, it seems to me  
14:04:46 22 that the more prudent course would have been to file a  
14:04:48 23 motion and then to try to get discovery. Lots of courts say  
14:04:52 24 when there is no motion for a preliminary injunction filed  
14:04:54 25 and no hearing pending that expedited discovery isn't

14:05:04 1 warranted. Why shouldn't I follow that?

14:05:06 2 MR. MAGIC: Your Honor, I don't think that there  
14:05:08 3 is any sort of binding authority in that regard as to  
14:05:12 4 whether that's a course of action Your Honor would have to  
14:05:15 5 take.

14:05:15 6 THE COURT: I didn't ask if I had to take it,  
14:05:18 7 I'm saying why doesn't it make sense? You all think you  
14:05:22 8 have such a great case that you can get a preliminary  
14:05:26 9 injunction. It just seems to me that you're asking for this  
14:05:29 10 discovery, a lot of which seems like it's based on  
14:05:32 11 speculation about someone doing something with your  
14:05:35 12 confidential information, and I don't know, I mean, it just  
14:05:39 13 seems to me that those cases are persuasive, so tell me why  
14:05:42 14 I shouldn't be persuaded.

14:05:51 15 MR. MAGIC: Sure. Your Honor, let's break it  
14:05:54 16 into the two areas that we're looking at. Right? So there  
14:05:57 17 is two areas of discovery, one of them you just touched on,  
14:06:00 18 the other one is the -- relates to Masimo's distribution  
14:06:03 19 capability to actually distribute the product and market.  
14:06:06 20 So --

14:06:10 21 THE COURT: It's been two months now. Have they  
14:06:13 22 started distributing it in a way that you're fearful it's  
14:06:16 23 going to bring down Apple's watch business?

14:06:20 24 MR. MAGIC: No, not presently, Your Honor,  
14:06:23 25 certainly not. But the idea is that a preliminary

14:06:29 1 injunction is a tool for looking prospectively. So if we  
14:06:35 2 have the additional information, that could certainly be  
14:06:39 3 relevant, the additional information about Masimo's  
14:06:43 4 distribution capabilities for the product and its plans for  
14:06:46 5 the future in that regard would certainly be relevant to the  
14:06:49 6 prospective potential for irreparable harm. That's why we  
14:06:55 7 seek it. Your Honor is correct, at the moment it doesn't  
14:06:59 8 appear that the product has started to move in significant  
14:07:02 9 numbers.

14:07:02 10 THE COURT: Let me ask the defendants a couple  
14:07:04 11 of questions. Your briefing didn't focus much on the big  
14:07:07 12 cost factors that I'm supposed to be focused on in looking  
14:07:11 13 at this issue. Why don't you tell me now under that statute  
14:07:14 14 -- why under that standard I should deny the motion.

14:07:18 15 MR. HORNE: Two things, Your Honor. The good  
14:07:20 16 cause argument on the Jensen discovery was based on some  
14:07:25 17 speculation that Mr. Jensen has done something wrong while  
14:07:30 18 they admit they have no evidence he's done anything wrong.  
14:07:31 19 I think Mr. Magic used the word "could." You mentioned  
14:07:32 20 speculation. We consider this a fishing expedition. Mind  
14:07:42 21 you they've had mountains of discovery --

14:07:45 22 THE COURT: Go to the distribution channel one.  
14:07:47 23 I understand what you're saying on the one about Mr. Jensen,  
14:07:52 24 you could probably say that in most cases, right, could be  
14:07:52 25 someone did something wrong, so I'm not persuaded on that

14:07:59 1 one. Tell me about the distribution channel.

14:08:02 2 MR. HORNE: In our conference with counsel that  
14:08:04 3 we had after Apple filed its motion, we explained that  
14:08:07 4 Masimo was selling the watch through its website and there  
14:08:12 5 is no imminent plans for a blitzkrieg next week through the  
14:08:17 6 distribution channels that we've acquired.

14:08:19 7 Their reasoning for the need were twofold. One,  
14:08:26 8 Mr. Kiani's statement in the earnings call that Masimo hopes  
14:08:29 9 or believes their watch should command a hundred percent of  
14:08:31 10 the market. I don't think Apple can say with a straight  
14:08:34 11 face they believe that Masimo is going to conquer a hundred  
14:08:40 12 percent of the smartwatch market next quarter. That's not  
14:08:44 13 what he said, that's not what he meant. I just don't think  
14:08:47 14 Apple believes that. I don't believe they can say that with  
14:08:52 15 a straight face.

14:08:54 16 THE COURT: What about the burden, what kind of  
14:08:57 17 burden is this? You kind of agreed that you give some  
14:09:00 18 information in interrogatory, I understand that why you  
14:09:03 19 would want to say look, that's all we're going to agree to  
14:09:06 20 give you and if we have to go through the process of going  
14:09:09 21 before the Court, we want to be able to impose everything,  
14:09:12 22 but it doesn't seem in terms of burden that the  
14:09:15 23 interrogatory responses would be too bad because you seem  
14:09:18 24 willing to give those. Is that not right?

14:09:21 25 MR. HORNE: Yes, Your Honor, that's fine with



14:09:23 1 us. And especially on the distribution interrogatory, I  
14:09:26 2 think we could get a response to that interrogatory in a few  
14:09:29 3 weeks, especially given the holidays. And I think that  
14:09:32 4 should resolve it completely.

14:09:35 5 THE COURT: All right. And then --

14:09:39 6 MR. MAGIC: Your Honor, may I be heard?

14:09:41 7 THE COURT: Yes, go ahead.

14:09:42 8 MR. MAGIC: Your Honor, I was only going to  
14:09:45 9 briefly make sure that the facts are out there as to the  
14:09:48 10 other discovery requests relating to Mr. Jensen. And I just  
14:09:51 11 don't want it to get lost in the shuffle --

14:09:54 12 THE COURT: But my problem with that is it  
14:09:57 13 didn't seem like your requests were narrowed to Mr. Jensen.  
14:10:00 14 Based on the briefing it seemed like he was the only person  
14:10:03 15 you were concerned with. But are your requests really  
14:10:06 16 focused solely on him?

14:10:09 17 MR. MAGIC: Yes, we're willing to narrow --  
14:10:12 18 we're willing to make that clearer than it was.

14:10:15 19 THE COURT: Okay. But you want me to grant a  
14:10:18 20 motion to give you expedited discovery that you have asked  
14:10:21 21 for, now you're going and saying wait, we'll take something  
14:10:24 22 narrower. If you were coming in for expedited discovery,  
14:10:27 23 shouldn't you have asked for what you actually wanted to  
14:10:30 24 support with me?

14:10:33 25 MR. MAGIC: Correct. Yes. And I think our

14:10:34 1 briefing was pretty laser focused on Mr. Jensen and so  
14:10:39 2 hopefully that was clear enough in terms of how we argued  
14:10:43 3 the need. But yes, understood, Your Honor. I only wanted  
14:10:47 4 to make sure that the facts didn't get lost in the shuffle  
14:10:50 5 that this individual did have access to Apple confidential  
14:10:55 6 information for a year-and-a-half while the W1 watch that  
14:10:59 7 was eventually released and has an eerily similar design to  
14:11:04 8 the Apple watch, while all that was under development,  
14:11:08 9 Mr. Jensen was on the board of the R & D arm of Masimo, so  
14:11:12 10 we're not --

14:11:13 11 THE COURT: But really that's all you have. All  
14:11:15 12 you have is that someone who had access was on the board.  
14:11:20 13 Is that what you're telling me? Apple watches are kind of  
14:11:23 14 out there, aren't they, in the public?

14:11:26 15 MR. MAGIC: Correct. Yes, the watches are  
14:11:28 16 certainly out there in the public.

14:11:31 17 THE COURT: So what is -- tell me something  
14:11:33 18 other than the fact that he had access and he was on the  
14:11:36 19 board. Do you have anything else that makes this something  
14:11:40 20 other than a fishing expedition? There were lots of people  
14:11:42 21 who had access to confidential information I'm guessing.  
14:11:46 22 What reason do you have, give me some basis to say maybe  
14:11:49 23 Mr. Jensen intentionally or unintentionally divulged  
14:12:00 24 confidential information, what do you have?

14:12:02 25 MR. MAGIC: Sure. Sure. One, I would say it is

14:12:05 1 unusual for somebody who has confidential information from a  
14:12:08 2 litigation to serve on the board of a company that's coming  
14:12:11 3 out with a product that looks like the company that sues for  
14:12:17 4 the product. In terms of specifics, you know, we did attach  
14:12:21 5 to Apple's reply brief several of the documents that Apple  
14:12:26 6 produced in the other litigation that drill into  
14:12:30 7 confidential information about specific materials that are  
14:12:33 8 used in that part of the Apple watch, and specific vendors  
14:12:39 9 that are employed to produce that material, or produce those  
14:12:44 10 parts. So there is business information there that could be  
14:12:47 11 relevant to making decisions about whether to make a product  
14:12:50 12 that comes out and looks similar to the Apple watch. But,  
14:12:53 13 in fact, it's pretty much a copy of that design, that aspect  
14:13:00 14 of the Apple watch. So that's what we pointed to. I agree  
14:13:04 15 Your Honor, that we don't have a smoking gun or anything  
14:13:07 16 like that, but it seems more than a typical situation.

14:13:10 17 THE COURT: All right. I have before me  
14:13:13 18 plaintiff's motion to expedite discovery for information  
14:13:16 19 relevant to a potential motion for a preliminary injunction.  
14:13:19 20 A motion that has not been filed. Apple seeks information  
14:13:22 21 related to one, defendants' distribution channels for the  
14:13:25 22 sale of the W1; and two, alleged possible misuse of Apple's  
14:13:30 23 confidential information produced in prior litigation.

14:13:34 24 Apple argues that the information would be  
14:13:37 25 relevant to irreparable harm and balance of the equity.

Courts in this district have applied a good cause standard in accepting requests for expedited discovery. Under the standard, I must weigh the need for discovery with the breadth of the discovery request and the prejudice to the responding parties. Courts consider one, the timing and context of the discovery requests; two, the scope and purpose of the request; and three, the nature of the burden on the respondents.

Plaintiff argues that it showed good cause because it has an urgent need to file a preliminary injunction motion given that defendants' product was introduced to the market this past August, and because the requests are narrowly tailored to issues relevant to the preliminary injunction and because the burden on defendants will be minimal.

I disagree. I find that plaintiff has failed to show good cause to expedite discovery at this juncture and therefore deny plaintiff's motion.

First, plaintiff has not yet filed a motion for preliminary injunction which waives expediting discovery. Furthermore, it is not clear that the information requested would strengthen plaintiff's potential motion to such an extent that expedited discovery is warranted before plaintiff has even filed the motion.

Some of the information requested regarding the

14:14:52 1 alleged misuse of confidential information appears to be  
14:14:55 2 based on mere speculation. In addition, there is a pending  
14:14:58 3 motion to dismiss requesting that I dismiss found united as  
14:15:02 4 a defense in this case. I also have concerns that the  
14:15:04 5 discovery requested is substantially broader than what may  
14:15:08 6 be relevant. A need for the requested discovery at this  
14:15:11 7 stage thus does not justify imposing the burden of  
14:15:14 8 expediting discovery on defendants. So the motion is  
14:15:17 9 denied.

14:15:17 10 That being said, I think that there has been a  
14:15:21 11 reasonable attempt to get some of the information that the  
14:15:25 12 plaintiff may need out there in the form of interrogatories,  
14:15:30 13 and so I guess my question for defendant is can you abide by  
14:15:40 14 what you had previously agreed to do?

14:15:45 15 MR. HORNE: Yes, Your Honor, that agreement was  
14:15:47 16 on a distribution channel to provide interrogatory response.  
14:15:51 17 I said a few weeks. I think three weeks would be fair given  
14:15:55 18 the holidays.

14:15:56 19 THE COURT: All right. Then even though I have  
14:15:59 20 denied the motion, I will order that the defendants produce  
14:16:03 21 that information, but no other information at this point.

14:16:08 22 Anything else that we need to discuss while  
14:16:12 23 we're on the phone?

14:16:14 24 MR. HORNE: No, Your Honor. I just want to be  
14:16:16 25 clear. Respond to the interrogatory, I thought that was

14:16:19 1 clear on the record, I wanted to make sure.

14:16:23 2 THE COURT: Anything else? All right. Thank  
14:16:28 3 you everyone.

14:16:28 4 MR. MAGIC: Nothing from Apple, Your Honor.  
14:16:30 5 Thank you.

14:16:31 6 THE COURT: Enjoy the holidays.

7 (Teleconference concluded at 2:16 p.m.)

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9 I hereby certify the foregoing is a true and  
10 accurate transcript from my stenographic notes in the proceeding.

11

12 /s/ Dale C. Hawkins  
13 Official Court Reporter  
14 U.S. District Court  
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